

Message Text

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PAGE 01 SINGAP 05752 271002Z
ACTION EA-09

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C O N F I D E N T I A L 5752

CINCPAC FOR POLAD

E.O. 11652: GDS
TAGS: EGIN, ETRD, EVIN, ASEAN, PFOR, SN, US
SUBJECT: US/ASEAN ECONOMIC CONSULTATIONS

REF: A. MANILA 19360, B. SINGAPORE 5613, C. EC BRUSSELS 12293,
D. BANGKOK 34274

SUMMARY. EMBASSY IN FOLLOWING PARAGRAPHS PROVIDES ITS VIEW
ON MODALITIES FOR CONTINUING DISCUSSION OF SUBJECT RECENTLY
INITIATED BY GOVERNMENT OF THE PHILIPPINES. IN ADDITION, WE
OFFER THE VIEW THAT, IN THE FIRST INSTANCE, IT SHOULD BE ASEAN
WHICH SHOULD PROPOSE AGENDA ITEMS OR PROJECTS WHICH IT WISHES
TO PURSUE WITH US. FINALLY, WE SUGGEST THAT ONE ITEM FOR
INCLUSION ON AN EVENTUAL USG/ASEAN AGENDA SHOULD BE A DISCUSSION
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PAGE 02 SINGAP 05752 271002Z

OF HOW THE US PRIVATE SECTOR CAN INTERFACE WITH ASEAN ON PRO-
JECTS HAVING REGIONAL SCOPE. END SUMMARY.

1. WE SHARE BANGKOK'S VIEW (REF D) THAT USG COMMUNICATIONS
WITH ASEAN REGARDING SUBJECT SHOULD NOT BE EXCLUSIVELY THROUGH
GOP. IN ADDITION TO INFORMING HOST GOVERNMENTS IN OTHER

ASEAN CAPITALS, THAT CONTACTS ON SUBJECT IN TRAIN, WE MIGHT ALSO WISH TO CONSIDER NOTIFYING ASEAN STANDING COMMITTEE, IN MORE OR LESS FORMAL MANNER (PERHAPS THROUGH AIDE MEMOIRE), THAT WE ACKNOWLEDGE ASEAN'S INTEREST IN SUCH CONSULTATIONS AND LOOK FORWARD TO WORKING UP PROPOSED AGENDA AFTER REPEAT AFTER WE HAVE AN INDICATION AS TO ASEAN'S INTERESTS. BY THUS SEEKING TO PLACE ASEAN IN THE POSITION OF DEMANDEUR, WE WOULD THEREBY BALANCE FORMAL INDICATION OF INTEREST IN CONSULTATIONS WHICH WE WILL SUBSEQUENTLY HAVE TO ADDRESS TO THE CHAIRMAN OF THE STANDING COMMITTEE (REF A, PARA 2). SEE ALSO PARA 3 BELOW.

2. WE ALSO SHARE BANGKOK'S AND MANILA'S VIEW THAT WE MUST RESPOND POSITIVELY TO THE ASEAN INITIATIVE. NEVERTHELESS, AN OBJECTIVE EVALUATION OF ASEAN AND THE EC'S EXPERIENCES TO DATE (REF C) MAKE IT CLEAR THAT UTILITY OF ANY FORMAL CONSULTATIONS IS LIKELY TO BE MARGINAL. INDEED, IT SEEMS APPARENT THAT ANY ASEAN/USG FORUM MAY JUST DEGENERATE INTO A FORMALITY AT WHICH WE COMMUNICATE ON SUBJECTS ON WHICH WE ARE ALREADY IN CONTACT WITHOUT A FORMAL MECHANISM (MTN, PARTICULARLY TROPICAL PRODUCTS) OR ON SUBJECTS WHICH ARE HASHED OVER AD NAUSEUM ELSEWHERE. WHILE THE PROMOTION OF TRADE, TOURISM AND TRANSFERS OF TECHNOLOGY ARE ALL WORTHWHILE AIMS, THE LAST THING WE REALLY NEED ARE STILL ADDITIONAL NEGOTIATIONS ON THESE SUBJECTS.

3. THE TOPICS PROPOSED BY BANGKOK IN PARAGRAPH 3 OF REF DE STRIKE US AS POTENTIALLY VALUABLE AGENDA ITEMS FOR ANY ASEAN/USG CONSULTATIONS. HOWEVER, SINCE IT WAS ASEAN THAT INITIATED THE PRESENT APPROACH WE BELIEVE IT WOULD BE BEST, IN FIRST INSTANCE, TO LEAVE IT TO ASEAN TO SUGGEST POTENTIAL

CONFIDENTIAL

PAGE 03 SINGAP 05752 271002Z

AGENDA ITEMS. (PROCEDURE DESCRIBED IN PARA 1 WOULD SUPPORT THIS OBJECTIVE.) THIS WOULD HAVE ADVANTAGE OF AVOIDING BEAR HUG REFERRED TO BY MANILA AND PUT MONKEY ON BACK OF ASEAN COUNTRIES. CLEARLY, ASEAN COUNTRIES WILL WANT MUCH MORE FROM US THAN WE WILL WANT FROM THEM AND PERHAPS THIS APPROACH COULD ELICIT FROM THEM PROJECTS OR IDEAS TO WHICH THEY ATTACH HIGH PRIORITY. WE RECALL IN THIS RESPECT EARLIER ASEAN COOLNESS TO LENGTHY SHOPPING LIST WHICH WE PROPOSED (ALTHOUGH TO BE SURE THIS WAS PUT FORWARD ONLY IN TENTATIVE TERMS.)

4. IT SEEMS EQUALLY CLEAR MOREOVER THAT WE WILL BE UNABLE TO AVOID TRADE, INVESTMENT AND COMMODITY QUESTIONS. FOR EXAMPLE, ASEAN IS LIKELY TO ASK US, AS IT RECENTLY DID EC, TO MAKE A FINANCIAL CONTRIBUTION TO COMMODITY PRICE STABILIZATION SCHEMES (PARTICULARLY RUBBER) AND TO PARTICIPATE MORE ACTIVELY IN THE INTERNATIONAL TIN AGREEMENT. ALSO, ASEAN WILL WISH TO PUSH FOR GSP CONCESSIONS AND POSSIBLY FOR CONTINUATION OF TAX INCENTIVES T
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U.S. INVESTORS IN THE ASEAN REGION (SEE LEE/SUHARTO COMMUNIQUE, SINGAPORE 5433). OUR ABILITY TO ENTERTAIN ANY SUCH REQUESTS MAY BE LIMITED BUT WE COULD AT LEAST USE THE OPENINGS AFFORDED BY SUCH AGENDA ITEMS TO PUSH THE INTERNATIONAL RESOURCES BANK (IRB), THE INTERNATIONAL INDUSTRIALIZATION INSTITUTE (III), OR FOR OBTAINING RECIPROCITY FOR OUR TROPICAL PRODUCTS CONCESSIONS.

5. FINALLY, ONE ITEM WHICH SEEMS VERY DESERVING OF TREATMENT AT ANY USG/ASEAN CONSULTATIONS IS SUBJECT OF ASEAN'S REALTIONS TO THE U.S. PRIVATE SECTOR. BANGKOK RECENTLY REPORTED (BANGKOK 27737) ONE PRIVATE SECTOR APPROACH TO ASEA. WE HAVE IN THE MEANTIME LEARNED THAT THE SINGAPORE DIRECTOR GENERAL FOR ASEAN, TAN BOON SENG, IN A LETTER DATED OCTOBER 2, REBUFFED THE U.S. FIRM'S APPROACH, STATING THAT "ASEAN, AS A GOVERNMENT BODY OF FIVE COUNTRIES, DOES NOT ENTER INTO ANY ARRANGEMENTS WITH PRIVATE ENTERPRISES. ASEAN, IN THE PAST, HAS DEALT EITHER WITH GOVERNMENT OR INTERNATIONAL AGENCIES OR OR-
CONFIDENTIAL

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PAGE 04 SINGAP 05752 271002Z

GANIZATIONS ONLY." WHILE TAN'S REPLY PERPAHS DOES NOT ENTIRELY SLAM THE DOOR, THE OUTLOOK FOR AN EARLY CHANGE IN THIS POSITION IS DIM.

6. ALTHOUGH THERE IS A GENERAL APPRECIATION WITHIN ASEAN OF THE ROLE THAT THE U.S. PRIVATE SECTOR CAN PLAY IN THE ECONOMIC DEVELOPMENT OF THE REGION, THE ROLE ENVISAGED FOR SUCH PARTICIPATION MIGHT IN FACT BE QUITE LIMITED. THERE DOES, FOR EXAMPLE, APPEAR TO BE A STRONG STATIST UNDERCURRENT IN INTRA-ASEAN CONSULTATIONS ON THE FIVE MAJOR INDUSTRIAL PROJECTS. MOREOVER, THE ASEAN CHAMBERS OF COMMERCE AND INDUSTRY (ACCI) SEEMS TO BE CONCERNED ALMOST EXCLUSIVELY WITH PROMOTING THE INTERESTS OF THE INDIGENIOUS PRIVATE SECTOR. HENCE, CONTRARY TO THE DEPARTMENT'S ASSUMPTION (STATE 276026), IT DOES NOT SEEM THAT THERE IS A PROPER POINT OF CONTACT WITHIN SINGAPORE, OR ANYWHERE IN THE ASEAN REGION, FOR A U.S. FIRM TO APPROACH WITH REGARD TO A PROJECT HAVING REGIONAL APPLICATION. THE ASEAN SECRETARIAT MIGHT EVENTUALLY EVOLVE INTO SUCH A FOCAL POINT; BUT WE SHOULD NOT BE HEAITANT TO RAISE THE MATTER TO SEE EXACTLY HOW OUR PRIVATE SECTOR COULD INTERFACE WITH ASEAN ON PROJECTS OF REGIONAL SCOPE.
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